

# American Eagle

## Moving forward: Retail at the speed of technology

Rapid advances in technology continue to help transform retail. Bill Besselman, Senior Vice-President, Corporate Strategy at American Eagle Outfitters Inc. (AE), discusses how the company navigates technology's challenges—and opportunities.

### More channels, more challenges

Technology is important in enabling AE to respond to consumers' constantly evolving expectations, but Besselman notes that AE's broad customer demographic creates other challenges. "The technology needs are spreading in terms of what you have to do to serve and win a customer at different points of their life journey or personal situation," he says. Customers' expectations and preferences around technology vary widely: while AE generates a growing share of revenue from app and mobile, Besselman notes that a significant number of customers still buy via the traditional website.

"It makes it harder to make choices, because you want to serve people in the right place at the right time in a way that they're comfortable transacting," he remarks. "You can't leave behind or move on from technologies. You're just getting spread thinner and thinner, and that can make the economic model much harder."

### Uniting the digital and physical experience

It's challenging for retailers to keep up with customer journeys that dart between digital to physical. AE is responding with consumer-facing and back-office technology investments to make the customer journey more seamless for those involved. Besselman says AE is focused on bringing the data pool together to enable a full view of how customers engage with AE over time, "so we can personalize our conversation with the consumer in a way we haven't in the past." In the near term, the company aims to help enable in-store customers to use its app to view and learn about products available at that location; in the future, Besselman envisions even greater digital-physical integration, with customer preferences, search data, try-on information, and more flowing where they're needed.

### A retail balancing act

As AE navigates today's economic uncertainties, Besselman says that the retailer is always trying to use technology to nudge customers to do one more thing, whether that's more engagement or one more purchase. But he notes that AE is wary of going too far. "There's a balancing act between encouraging the customer to make that purchase now, versus being thoughtful about getting that customer back in the future," he says. While a sale today may be worth more than a hypothetical sale tomorrow, "there's a long-term, lifetime value for the customer, not just a transaction value now."



**Bill Besselman,**  
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Eagle Outfitters Inc. (AE)

## Maximizing the value of supply chain investments

AE and other companies continue to invest in new technologies to improve supply chain agility, flexibility, and resiliency. Besselman cautions that a too-narrow approach to change can make it hard to capitalize on these investments. “If you’re making changes in your supply chain and you’re not going upstream and downstream to communicate how those changes enable different ways of working,” he says, “you’ve gotten 10 percent of the value, not 100 percent.”

Realizing the value of those investments can also take patience. When AE introduced Radio-Frequency Identification (RFID) technology in its stores, “there was a disbelief that it would add tremendous value,” recalls Besselman. Nearly two years later, the company discovered that RFID data could capture conversion of try-ons to actual sales—item by item, style by style. Today, AE’s product teams use this data to detect fit or quality matters, while merchants map the data to sales and returns and discount items that aren’t converting.

## Artificial intelligence (AI) poised to reshape retail

Looking ahead, Besselman thinks “AI will create a pivot point in our industry, both in terms of how retailers sell to consumers and how business like ours are created.” He foresees retailers AI-powered websites could reconfigure themselves to suit individual consumers based on context cues, preferences, search data, and more. He can also see a future where small teams access global markets to produce clothing that’s designed, fitted, marketed, shipped, and sold with AI.



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